

A Study on the Aftermath of Initiation of National Agricultural Market (E-Nam) on the Indian Food Product Industry and International Markets

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Abstract:

The e-NAM (National Agriculture Market) functions as an online marketplace for agricultural commodities in India. It offers a digital platform that enables farmers, traders, and buyers to engage in transactions over the internet. This initiative aims to enhance price discovery and streamline the marketing of agricultural products, achieving transaction volumes of ₹36,200 crore by January 2018. This research employs a descriptive research design, outlining critical data and insights related to the e-NAM initiative and its repercussions for India’s agricultural sector. The primary goal of this study is to assess the effects of e-NAM on international markets and to analyse the implications of its rollout on the food product sector. The findings reveal that various countries, including Malaysia and Indonesia, are looking at the e-NAM model favourably, considering it for the adoption of their electronic trading platforms. These nations aim to bolster market transparency, facilitate better price discovery, and improve market access for farmers through comparable digital platforms similar to e-NAM. Furthermore, regions in Africa and Southeast Asia have expressed interest in developing similar digital solutions for agricultural marketing, drawing inspiration from the successes of India’s e-NAM. This study underscores the significance of e-NAM's influence on the food sector, reflecting a thorough examination of its impact on the food product industry and its broader economic implications. It also highlights the necessity for robust strategies to ensure successful adoption and leveraging of e-NAM.

Keywords: e-NAM, food product, international markets, electronic markets, digital platforms.

INTRODUCTION

The e-NAM (National Agricultural Market) serves as a digital trading hub for agricultural commodities across India. This platform enables farmers, traders, and buyers to facilitate transactions electronically, promoting an efficient marketplace that augments price discovery mechanisms and eases the marketing process for agricultural yields.

OBJECTIVES

- To investigate the effects of initiation of e-NAM on food product industry
- To determine the influence of e-NAM on the international markets

STATEMENT OF THE PROBLEM

Agriculture remains a cornerstone of the Indian economy, offering livelihoods to a vast number of people. Despite a noticeable transition towards industrial and service sectors over recent decades, agriculture still plays a crucial role, supporting around 148 million individuals. However, its contribution to the overall economy has significantly declined from 45% in 1950 to approximately 18.4% by 2024. Several challenges threaten this sector, with the prevalence of unfair trade practices of the food-product market being the most significant concern. To combat these issues, the Government of India launched the e-NAM (Electronic National Agricultural Market) initiative on April 14, 2016. This initiative, facilitated by the Small Farmers Agribusiness Consortium (SFAC), aims to curb the interference of food product companies by providing farmers with direct access to market channels. This study seeks to evaluate the

aftermath of the initiation of e-NAM initiative in transforming the food product industry of India and to assess the degree of its influence in international markets.

RESEARCH METHODOLOGY

This study aims to present data and pertinent details related to the e-NAM initiative and its aftermath on the food product industry of India. A descriptive research methodology has been adopted for this analysis.

REVIEW OF LITERATURE

Stefan Klein (2011)¹ points out that the domain of electronic markets has significantly diversified and expanded over the past two decades. This position paper reflects on the noteworthy developments and insights gained in this field, proposing a framework that encompasses various dimensions, including market environment factors, governance decisions made by economic participants, and the entrepreneurial dynamics surrounding firms that launch and manage market platforms. The author suggests exploring how technological, market, and institutional factors influence electronic markets, emphasizing that these intricate systems extend beyond simple market versus hierarchy decision-making processes. Technology's role in shaping electronic markets is crucial, yet must be supported by a comprehensive understanding of the competitive landscape and rule-setting to ensure strategic advantages.

Bikram K Bahinipati (2012)² in examining buyer-supplier collaborative dynamics and identifying new procurement opportunities via optimized resource deployment, proposes an appropriate policy framework. This framework aims to integrate various components essential for characterizing electronic markets to achieve desired outcomes. E-markets function as coordinating frameworks among different enterprises within the semiconductor industry's supply chain, employing competitive bidding and pricing mechanisms.

Rabiya Abbasi (2022)³ Agriculture is considered one of the most important sectors that play a strategic role in ensuring food security. However, with the increasing population of the world, agri-food demands are growing — posing the need to

switch from traditional agricultural methods to smart agriculture practices, also known as agriculture 4.0. To fully benefit from the potential of agriculture 4.0, it is significant to understand and address the problems and challenges associated with it.

In the interconnected global economy of today, electronic markets have become pivotal drivers of growth and innovation. Nations such as the United States, China, Japan, South Korea, and the United Kingdom have garnered acclaim for their well-developed electronic markets and robust digital economies. With significant investments in technology infrastructure, research and development, and policies catalyzing the growth of digital commerce, these countries have established themselves as vanguards in the realm of electronic markets.

FINDINGS

COUNTRIES BENEFITTED BY ELECTRONIC MARKETS

Nations with well-established digital market frameworks, including the United States, China, Japan, South Korea, and the United Kingdom, have made significant investments in developing their technology infrastructure and fostering innovation in the digital economy. These countries actively promote electronic markets as a means to drive economic growth and enhance global competitiveness.

Within the European Union, countries such as Germany, France, and Sweden strongly support electronic marketplace initiatives through measures that boost digital innovation and entrepreneurship. These nations prioritize investments that improve digital infrastructure and legislative environments, enabling the growth of electronic markets and facilitating smoother e-commerce transactions.

India, through initiatives like e-NAM and increasing digital engagement, has the potential to capitalize on the advantages of electronic markets, particularly in its agricultural sector. The focus on digital access and fintech innovation presents opportunities for economic upliftment and enhanced market access for both farmers and enterprises. Additionally, many developing countries are recognizing the value of electronic markets and are striving to build supportive ecosystems for digital commerce. By leveraging technology and enacting policies that

encourage innovation and digital connectivity, these nations are working to harness electronic markets as catalysts for sustainable economic advancement in a globally interconnected marketplace.

COUNTRIES AFFECTED BY ELECTRONIC MARKETS

Conversely, certain nations may adopt restrictive or controlled approaches to electronic markets due to issues such as regulatory concerns, security threats, or geopolitical factors. This is particularly noticeable in authoritarian regimes, where there may be stringent restrictions on electronic commerce and digital marketplaces to maintain state oversight over economic activities and information flow.

Meanwhile, the dynamics of electronic markets continue to evolve, prompting countries to adjust their policies and practices related to digital commerce. Some developing nations face hurdles stemming from inadequate digital infrastructure and internet access, which can limit their involvement in electronic markets and hamper their ability to leverage digital trade for economic development. Additionally, regions with slow legislative responses to digital advancements or apprehensions about data privacy and cybersecurity might struggle to fully embrace electronic marketplaces. Geopolitical tensions and variations in trade relationships can also hinder a nation's capacity to integrate effectively into global electronic markets. Despite these challenges, numerous initiatives aim to tackle these issues by enhancing digital infrastructure, reforming regulatory systems, and fostering international collaboration. As the global economy increasingly intertwines with digital commerce, the multifaceted impact of electronic markets on different countries presents a landscape of both challenges and opportunities. While certain nations may face obstacles related to infrastructure and socio-economic conditions, proactive strategies and support mechanisms can help turn these difficulties into opportunities for progress.

In summary, the relationship between nations and electronic markets is complex, encompassing a spectrum of both advantageous and adverse experiences that highlight the need for strategic interventions to maximize benefits and mitigate challenges.

CONCLUSION

This study highlights the critical aspects of e-NAM (Electronic National Agriculture Market) concerning its impact on the agricultural sector and the implications for the food product industry. It provides a comprehensive analysis of e-NAM's effects on the economic landscape and its relevance to international markets. The success of e-NAM is heavily reliant on farmer acceptance and its efficient implementation. When integrating these research findings with relevant literature, it becomes clear that fostering trust and ensuring reliability in the platform, revamping agricultural institutions and regulatory frameworks, facilitating collaboration among the government, private entities, and agricultural stakeholders, and promoting initiatives for digital literacy and infrastructure enhancements are vital. Furthermore, engaging with international governments on joint initiatives could prove beneficial for effectively managing cross-border markets, thus promoting international trade and economic growth in India.

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